

Aetna shall have discretionary authority to determine whether or to what extent participants and beneficiaries are entitled to benefits and to construe disputed or doubtful plan terms. Aetna shall be deemed to have properly exercised such authority unless they have abused their discretion hereunder by acting arbitrarily and capriciously.

Filing Claims

Contact your Benefit Office to obtain claim forms for benefits under the Group Life Plan. Benefits personnel will answer questions about Group Life Plan benefits and will help your beneficiary file claims.

Follow instructions on the claim form carefully. This will speed processing of the claim. Answer all questions fully and attach any required medical statements and certificates of death to the claim. Then return the completed claim form and attachments to your Benefit Office for appropriate handling.

Follow the same procedures outlined above when filing a claim for accidental dismemberment benefits.

Notification of Claim Denial

If a claim for benefits is denied, in whole or in part, you, your beneficiary or beneficiaries will receive written notification from the Aetna Life Insurance Company. This written notification will include:

- The specific reason for the denial;
- Specific reference to pertinent provisions (plan or law) on which the denial is based;

- A description of any additional material or information necessary for further review of the claim and an explanation of why such material or information is necessary; and
- Appropriate information on the steps to take if you, your beneficiary(ies) or a duly authorized person representing you or your beneficiary(ies) wish to submit the claim for review.

However, if you submit your claim according to the procedures listed under "Filing Claims" and you do not hear from the Aetna Life Insurance Company within 90 days after it receives your claim, your claim is considered denied.

Appeal Procedures

If a claim for benefits is denied, or if you or your beneficiary(ies) feel you have been treated unfairly with respect to the plan, you, your beneficiary(ies) or other duly authorized person may appeal the denial or other action in writing within 60 days of the earlier of receiving notification of denial or after the 90-day period discussed above.

Send written requests for review of any denied claim or other disputed matters directly to the Aetna Life Insurance Company at 151 Farmington Avenue, Hartford, Connecticut 06156.

The person sending the request has the right to:

- Review pertinent plan documents, which may be obtained by following the procedures described in the section "Plan Documents."
- Send to the Aetna Life Insurance Company a written statement of the issues and any other documents in support of the claim for benefits or other matters under review.

The Aetna Life Insurance Company will provide a written response to the appeal within 60 days after it is received. However, the Aetna Life Insurance Company has the exclusive right to interpret the provisions of the plan, so its decision is conclusive and binding.

In any case, as a participant or the beneficiary(ies) of a participant in the plan, you may have further rights under ERISA, as described in the section "Your Rights Under ERISA."

Legal Service

Service of legal process in a cause of actions with respect to any and all the provisions of the insurance contract should be directed to the Aetna Life Insurance Company, 151 Farmington Avenue, Hartford, Connecticut 06156.

Service of legal process concerning the plan should be directed to the appropriate Benefit Committee Secretary or Assistant Secretary listed in the section "Plan Administrator."

Payment of Benefits

The Aetna Life Insurance Company pays the benefits provided under the Group Life Plan.

Plan Records

The Group Life Plan and all of its records are kept on a calendar year basis each year.

Plan Identification Numbers

The plan is identified by the following numbers:

58-1533433 Employer Identification Number
(assigned by the IRS)
541 Plan number
(assigned by the company)

Plan Documents

The group insurance policy and the annual report of plan operations are available for review by plan participants or their beneficiary(ies) at their Benefit Office during normal working hours.

If you are unable to examine these documents there, write to the appropriate Benefit Committee Secretary or Assistant Secretary listed under the section, "Plan Administrator." Specify the documents you wish to examine and at which company work location you wish to examine them. Copies of those documents will be made available for examination at that work location within 10 days of the date your request is received.

Upon written request at any time, your plan administrator will provide you a copy of any or all of these documents, at a reasonable charge, within 30 days of your request.

Competitor Rule and Benefit Forfeiture

If you retired on or after Jan. 1, 1991, you may forfeit your right and your dependents' right to certain post-retirement benefits if you provide services to or acquire an interest in a BellSouth competitor during the five years following retirement from BellSouth. **Please note that once such coverage is terminated, it will not be reinstated.**

Definition of a Competitor

A competitor of BellSouth or its affiliates is one who, in BellSouth's judgment, is engaged directly or through an affiliate in any line of business in which BellSouth or one or more of its affiliates is engaged, such as, but not limited to: the provision of telecommunications goods or services; the printing, publication, or provision of classified directories; the provision of cellular communications; and the provision of paging goods or services.

As set forth in the BellSouth Medical Assistance Plan, Dental Assistance Plan, Group Life Insurance Plan, and the Death Benefit provisions of the Pension Plan or the Management Pension Plan, a former employee will forfeit entitlement to post-retirement benefits under the foregoing plans if, during the five-year period following the employee's retirement:

- The employee acquires ownership of more than 5 percent of any class of stock of, or acquires beneficial ownership of, more than 5 percent of the earnings or profits of a competitor, or
- The employee becomes employed by, renders services to, or consults with a competitor, unless the employee's activities on behalf of the competitor make no use, directly or indirectly of:
 - BellSouth proprietary or customer information, or
 - Skills that the employee developed or used, or training provided to the employee during the last five years of the employee's employment by BellSouth or any of its affiliates.

During the five-year period over which the Forfeiture Provision is applicable, the business activities of BellSouth and its affiliates at the time that a former employee acquires an owner-

ship interest in, or becomes employed by, changes assignments with, renders services to, or consults with another business entity will determine whether that entity is a competitor.

Health and welfare benefits are deemed terminated upon the date of occurrence of the forfeiture event, i.e., the date that more than 5 percent ownership interest in a competitor is acquired, or the date that employment with a competitor is begun. Upon learning of a forfeiture event, BellSouth reserves the right to seek the reimbursement of any benefits that were paid following the occurrence of that event.

Request for Benefit Forfeiture Ruling

An employee may file a "Request for Benefits Forfeiture Ruling" with the retiree benefit organization before acquiring an ownership or beneficial interest in another entity or before engaging in any post-retirement employment activity. On the basis of the information included in the request, the employee will receive a binding determination, based on the activity described in the request, as to whether the entity is a competitor, and if applicable, if the activity in question is deemed to be in competition with BellSouth.

Employees who disagree with the response that they receive to a Request for Benefits Forfeiture Ruling may request to have that response reviewed. In order to prevent a possible forfeiture, such a review should be indicated and completed before engaging in the activity at issue.

The addresses of the various company Employees' Benefit Committees are listed below:

- BellSouth Business Systems
- BellSouth Communications, Inc.
- BellSouth Communication Systems
- BellSouth Corporation
- BellSouth D.C., Inc.
- BellSouth Telecommunications, Inc.
- BellSouth Financial Services Corporation

Room 18H62 Southern Bell Center
675 W. Peachtree Street, N.E.
Atlanta, Georgia 30375

- BellSouth Advertising & Publishing Corporation
- BellSouth Enterprises, Inc.
- BellSouth Information Systems, Inc.
- BellSouth International, Inc.
- BellSouth Mobility Inc
- BellSouth Resources, Inc.
- Sunlink Corporation
- Intelligent Media Services, Inc.
- Intelligent Messaging Services, Inc.

Room 7B09
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

Appeal of Benefit Forfeitures

Employees who have their benefits eligibility terminated under the Forfeiture Provision may, on their own behalf or through a representative, have that action reviewed by submitting a written appeal within 60 days of their receipt of the notification of termination of eligibility to the secretary of their company's Employees' Benefit Committee at the address shown previously.

If the appeal is denied, the employee will receive written notice of the Employees' Benefit Committee's decision, including the specific reasons for the decision and the procedures for

appealing the decision, within 90 days of the date the committee received the appeal.

In some cases, the committee may need more than 90 days to make a decision. In such cases, the committee will notify the employee in writing within the initial 90-day period and explain why more time is needed. An additional 90 days may be taken to make the decision if the committee sends this notice. The extension notice will show the date by which the committee's decision will be sent. If the committee does not give its decision within the designated time span, the appeal is deemed to be denied.

An employee whose appeal to the Employees' Benefit Committee is denied, or deemed denied where no reply is received within 90 days, or if an extension was requested, within 180 days, may challenge such a denial by submitting a written appeal to the secretary of the BellSouth Corporation Employees' Benefit Claim Review Committee at the following address:

Room 7B09
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

Such an appeal must be submitted in writing within 60 days after the receipt of the Employees' Benefit Committee's denial notification, or if no denial is received, within 60 days of the date that the original appeal was deemed to be denied. The Employees' Benefit Claim Review Committee will conduct a review and issue a determination within 60 days after receipt of the appeal. In some cases, the Claim Review Committee may need more than 60 days to make a decision. In such cases, the Claim Review Committee will notify the employee in writing within the initial 60-day period and explain why more time is needed. The Employees' Benefit Claim Review Committee may

then have 60 days more, or a total of 120 days, in which to make its decision.

The Employees' Benefit Claim Review Committee will issue a final written decision that will include specific reasons for the decision. If the Employees' Benefit Claim Review Committee does not issue its decision within the appropriate time span, the appeal is deemed to be denied.

In submitting an appeal either to the Employees' Benefit Committee or the Employees' Benefit Claim Review Committee, the employee is entitled to include a written statement of the issues and any other documents in support of the appeal. All material provided to either committee will be carefully considered in the determination.

BellSouth has delegated to the company Employees' Benefit Committees and the BellSouth Corporation Employees' Benefit Claim Review Committee the duty to administer the appeal of benefit eligibility terminations under the Forfeiture Provision. The company Employees' Benefit Committees and the BellSouth Employees' Benefit Claim Review Committee have the discretion and authority to interpret and to enforce the Forfeiture Provision, and their determinations and interpretations are final and conclusive.

As a participant in the various benefit plans subject to the Forfeiture Provision, you have further rights under the Employee Retirement Income Security Act of 1974 (ERISA) and the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). Those rights are described in detail in the summary plan descriptions issued for each affected plan.

Your Rights Under ERISA

As a participant in the Group Life Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at other specified locations, all plan documents, including insurance contracts, collective bargaining agreements, and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for such copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in your interest and the interest of other plan participants and beneficiaries.

No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

If your claim for a benefit under this plan is denied in whole or in part, you must receive a written explanation of the reason for the denial.

You have the right to appeal a denial by requesting a reconsideration of your claim.

Under ERISA, you can take steps to enforce your rights outlined above. For example, if you request materials from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court.

If it should happen that plan fiduciaries misuse the plan money, or if you are discriminated against for asserting your rights, you may seek help from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees. For example, you may be required to pay costs and fees if the court finds your claim is frivolous.

If you have any questions about your plan, contact the plan administrator. If you have any questions about your rights under ERISA, contact the nearest Area Office of the Pension and Welfare Benefits Administration, U.S. Department of Labor.

ATTACHMENT 7

**DEVELOPMENT OF BELLSOUTH TOTAL COMPANY
TBO RETIREE ONLY WORKPAPER
(INCLUDING TELEPHONE AND NON-TELEPHONE OPERATIONS)**

(\$000)

1.	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO) TOTAL	\$2,625,646
2.	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO) RETIREES ONLY TOTAL	1,648,086
3.	INTEREST (NOTE 1)	143,866
4.	ASSETS (NOTE 1)	702,696
5.	TRANSITION BENEFIT OBLIGATION (TBO) RETIREES ONLY TOTAL (2+3 - 4)	1,089,256
6.	TBO RETIREES ONLY AMORTIZATION AMOUNT (NOTES 2, 3)	72,617

NOTES:

1. APPORTIONED ON BASIS OF APBO RETIREES/APBO RATIO
2. AMORTIZATION PERIOD = 15 YEARS
3. AMOUNT IS FURTHER REDUCED BY BENEFITS FOR NON-FUNDED RETIREES

ATTACHMENT 8

**DEVELOPMENT OF BELLSOUTH TOTAL COMPANY
TBO RETIREE ONLY WORKPAPER
(TELEPHONE OPERATIONS ONLY)
(\$000)**

1.	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO) TOTAL	\$2,415,594
2.	ACCUMULATED POSTRETIREMENT BENEFIT OBLIGATION (APBO) RETIREES ONLY TOTAL	1,516,239
3.	INTEREST (NOTE 1)	132,357
4.	ASSETS (NOTE 1)	646,480
5.	TRANSITION BENEFIT OBLIGATION (TBO) RETIREES ONLY TOTAL (2+3 – 4)	1,002,116
6.	TBO RETIREES ONLY AMORTIZATION AMOUNT (NOTES 2, 3)	66,808

NOTES:

1. APPORTIONED ON BASIS OF APBO RETIREES/APBO RATIO
2. AMORTIZATION PERIOD = 15 YEARS
3. AMOUNT IS FURTHER REDUCED BY BENEFITS FOR NON–FUNDED RETIREES

ATTACHMENT 9

THE BELLSOUTH TELECOMMUNICATIONS, INC.

TRANSMITTAL NO. 105

1993 Annual Price Cap Tariff Filing

April 2, 1993

OPRBs expense.¹⁷ This is analogous to saying that because a LEC has control over the amount of its loop investment, the LEC controls the Separations Rule change pertaining to SPF. These conclusions are not logical and not consistent with the Price Cap Orders.

Based on these additional requirements established by the Commission to address control, the "OPRB Order" raises the issue of whether or not the Transition Benefit Obligation (TBO) is within the control of the LECs. The TBO is that portion of the OPRBs expense that has been previously promised to and earned by employees-current and retired. The "OPRB Order" states that "further consideration of exogenous treatment of TBO amounts, based on a better and more complete record, for example in the annual 1993 access tariff filings" would not be foreclosed.¹⁸ The Commission expands on this idea, attempting to determine varying degrees of control over portions of the TBO. The Commission seems to feel that the LECs may have less control over some amounts included in the TBO because these obligations are based on past contractual obligations, obligations that arose prior to the mandated GAAP change.¹⁹ Based on these new standards set forth by the FCC, BellSouth has analyzed the various components of the TBO.

17. "OPRB Order", Paragraph 53.

18. "OPRB Order", Paragraph 76.

19. "OPRB Order", Paragraph 57.

BellSouth's TBO consists of benefits for active management employees, active represented employees, and retired employees in both categories. There should be less debate over the controllability of certain portions of the TBO. For example, there should be little question related to the definition of the benefits previously earned by employees who have already retired compared to the benefits of active employees. Therefore, for the sole purpose of this filing and to assure the greatest consistency with the "OPRB Order" and the criteria established therein, exogenous treatment for only the retiree portion of the TBO is being requested. Exhibits A-13 and A-14 show the development of this amount. Exhibit A-14 also displays the TBO-retiree only portion Exogenous Cost Change interstate effect spread among the price cap baskets using Part 36 and 69 Rules, as reported on Form EXG-1, Column K. This limitation of the retiree portion should not be construed as a waiver on BellSouth's part of its right to request exogenous treatment for other portions of SFAS-106 expense in other proceedings.

The second prong of the test for exogenous cost treatment defined by the Commission "is whether the Carriers can show that the cost change at issue is not reflected in the PCI" and "has a unique or disproportionate effect on the price cap companies".²⁰ The

20. "OPRB Order", Paragraph 60.

Commission states that the LECs bear the burden of demonstrating that the cost change is not already reflected in the inflation measure (GNP-PI) component of the PCI formula. The LECs have placed two studies, the NERA Study and the Godwins Study, on the record to address the issue of double counting. The Commission is critical of the submission of two studies. To the contrary, BellSouth believes that the availability of two studies should be viewed as a positive factor rather than negative. If only one study had been submitted or the two studies had drawn different conclusions, the Commission might have reason to be more critical of the results. In this case, the two studies, each using different methodologies, tend to confirm one another. Each concludes that only a very small portion of this change will be reflected in the GNP-PI and exogenous treatment is warranted, and this change has a "unique and disproportionate effect" on the LECs. The only issue should be what percentage is appropriate. The studies show that somewhere between .7% and 6.26% of OPRBs expense will be reflected in the GNP-PI. The Godwins Study further addresses the fact that national wages will eventually be affected and, using very conservative assumptions, brings the total effect on GNP-PI up to 15.2% (i.e., 84.8% of the costs are not being recovered). Because BellSouth believes that the Godwins Study has taken a very conservative approach at every option, we apply this 84.8% factor to the TBO-retiree only expense to remove any potential double-counting in the development of the exogenous cost being sought in this filing.

ATTACHMENT 10

SFAS-106 TBO PART 32 ACCOUNTS AND ALLOCATED AMOUNTS
(\$000)

1. TO RECOGNIZE TBO RETIREES ONLY

8701 BENEFIT & PAYROLL TAXES	\$66,808	
4310 LONG-TERM LIABILITIES		\$66,808

2. TO RECOGNIZE PAY-AS-YOU-GO AMOUNT

4310 LONG-TERM LIABILITIES	\$46,060	
1130 CASH		\$46,060

3. RECOGNITION OF CAPITALIZATION OF TBO RETIREES ONLY

2001 TELEPHONE PLANT IN SERVICE	\$8,017	
8701 BENEFIT & PAYROLL TAXES		\$8,017

4. RECOGNITION OF DEPRECIATION EXPENSE RELATED TO CAPITALIZATION

6561 DEPRECIATION EXPENSE	\$287	
3100 ACCUMULATED DEPRECIATION		\$287

ATTACHMENT 11

DEVELOPMENT OF TBO INTERSTATE COSTS WORKPAPER
TELEPHONE OPERATIONS ONLY
(SEPARATED ON THE BASIS OF 1992)
(\$000)

	<u>TBO (1)</u>	<u>RETIREE CLAIMS (2)</u>	<u>DIFFERENCE</u>	<u>INTERSTATE</u>	<u>COMMON LINE</u>	<u>TRAFFIC SENSITIVE</u>	<u>SPECIAL ACCESS</u>	<u>INTER- EXCHANGE</u>
1. BENEFIT COST (BEFORE CAPITALIZATION)	66,808	46,060						
2. BENEFIT EXPENSE	58,791	46,060	12,731	2,702	1,459	846	348	49
3. RELATED DEPRECIATION EXPENSE	287	0	287	73	42	22	9	0
4. TPIS (CAPITALIZED PORTION OF BENEFIT COSTS) AVG	4,008.5	0.0	4,008.5	1,016.0	583	306	127	0
5. DEPRECIATION RESERVE AVG	143.5	0.0	143.5	37.0	21	11	5	0
6. DEFERRED TAX AVG	0.0	0.0	0.0	0.0	0	0	0	0
7. LIABILITY ACCOUNT (A/C 4310) AVG	10,374.0	0.0	10,374.0	2,341.0	1,345	703	293	0
8. AVERAGE NET INVESTMENT (4-5-6-7)	(6,509.0)	0.0	(6,509.0)	(1,362.0)	(783)	(408)	(171)	0
9a. RETURN				(153)	(88)	(46)	(19)	0
b. TAXES LESS FIT				(16)	(9)	(5)	(2)	0
c. FIT				(79)	(45)	(24)	(10)	0
d. UNCOLLECT REV AND OTHER ADJ				0	0	0	0	0
e. REVENUE REQUIREMENT (9a+9b+9c+2+3)				2,527	1,359	793	326	49
10. FACTOR TO RECOGNIZE POTENTIAL DOUBLE COUNTING				84.8%	84.8%	84.8%	84.8%	84.8%
11. ADJUSTED REVENUE REQUIREMENTS (EXOGENOUS COST AMOUNTS)				2,143	1,152	673	276	42

NOTES:

(1) FOR RETIREES ONLY PORTION INCLUDING INTEREST AND REDUCED BY PLAN
ASSETS APPORTIONED ON THE BASIS OF APBO RETIREES/APBO RATIO.

(2) INCLUDES BENEFITS FOR NON-FUNDED RETIREES.

ATTACHMENT 12

**ASSUMED RATE OF RETIREMENT
ON SERVICE PENSION**

<u>Age x</u>	<u>Rate</u>
50	0.051
51	0.032
52	0.034
53	0.036
54	0.038
55	0.056
56	0.063
57	0.072
58	0.079
59	0.088
60	0.104
61	0.124
62	0.296
63	0.349
64	0.281
65	0.500
66	0.300
67	0.300
68	0.300
69	0.300
70	0.999

ATTACHMENT 13

APPENDIX B

BELLSOUTH DIRECT CASE

July 27, 1993

In the Designation Order, the Commission required LECs to provide

evidence of and describe the ranges of data on the age of the workforce, the ages at which employees will retire, and the length of service of retirees, presented by their actuaries and used by the companies to compute OPEB amounts claimed in the annual access transmittals.

Attached hereto are the following:

Exhibit 1 - the range by age of active employees for BellSouth.

Exhibit 2 - the ages at which BellSouth employees will retire and the probability of retirement associated with that age.

Exhibit 3 - the length of service of BellSouth retirees.

EXHIBIT 1 OF APPENDIX B

BellSouth Corporation
Summary of BST Active Employees by Age
Data Used in 1/1/93 FAS 106 Valuation

<u>Age</u>	<u>Management</u> <u>No. of Ees</u>	<u>Age</u>	<u>Non-Management</u> <u>No. of Ees</u>	<u>Age</u>	<u>Total</u> <u>No. of Ees</u>
		18	1	18	1
		19	3	19	3
		20	15	20	15
21	1	21	55	21	56
22	1	22	111	22	112
23	5	23	177	23	182
24	27	24	182	24	209
25	67	25	247	25	314
26	96	26	266	26	362
27	157	27	258	27	415
28	231	28	301	28	532
29	275	29	298	29	573
30	226	30	343	30	569
31	240	31	513	31	753
32	259	32	806	32	1,065
33	296	33	1,049	33	1,345
34	367	34	1,150	34	1,517
35	377	35	1,280	35	1,657
36	472	36	1,440	36	1,912
37	560	37	1,700	37	2,260
38	686	38	2,046	38	2,732
39	845	39	2,514	39	3,359
40	952	40	2,842	40	3,794
41	1,094	41	3,270	41	4,364
42	1,277	42	3,665	42	4,942
43	1,341	43	3,429	43	4,770
44	1,376	44	3,512	44	4,888
45	1,445	45	3,393	45	4,838
46	1,497	46	3,531	46	5,028
47	951	47	2,317	47	3,268
48	831	48	2,102	48	2,933
49	782	49	1,925	49	2,707
50	754	50	1,784	50	2,538
51	530	51	1,425	51	1,955
52	382	52	1,234	52	1,616
53	298	53	975	53	1,273
54	279	54	937	54	1,216
55	234	55	863	55	1,097
56	191	56	674	56	865
57	147	57	685	57	832
58	118	58	612	58	730
59	87	59	543	59	630
60	79	60	511	60	590
61	72	61	480	61	552
62	42	62	342	62	384
63	27	63	202	63	229
64	8	64	148	64	156
65	7	65	113	65	120
66	3	66	45	66	48
67	1	67	15	67	16
68	3	68	6	68	9
69	3	69	7	69	10
		70	4	70	4
		71	6	71	6
		72	2	72	2
74	1	74	1	74	2
Total	20,000		56,355		76,355